Mt. Crested Butte Water and Sanitation District

Financial Report

December 31, 2025

Mt. Crested Butte Water and Sanitation District
Financial Report
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mt. Crested Butte Water and Sanitation District
Mt. Crested Butte, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of Mt. Crested Butte Water and Sanitation District (the "District"), as of and for the years ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of Mt. Crested Butte Water and Sanitation District, as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP require the Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary schedules in section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mt. Crested Butte Water and Sanitation District

Management's Discussion and Analysis
December 31, 2025

As management of the Mt. Crested Butte Water and Sanitation District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District primarily include administration. The business-type activities of the District are the water and sewer services. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of the Financial Statements (continued)

Governmental funds (continued): The District adopts an annual appropriated budget for each of its funds. Budgetary comparison schedules have been provided as supplementary information to the financial statements.

Proprietary funds: The District maintains two proprietary funds, the water fund and the sanitation fund. These fund are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses these funds to account for the water and sanitation services provided by the District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the District.

The basic proprietary fund financial statements can be found on pages C5 through C7 of this report. The District adopts an annual appropriated budget for its Proprietary Funds and budgetary comparison schedules have been provided on pages F1 and F2 of this report to demonstrate compliance with these budgets.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found starting on page D1 of this report.

Financial Analysis of the District

Mount Crested Butte Water and Sanitation District's
Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Assets:						
Current assets	1,377,429	1,304,192	8,198,495	7,743,037	9,575,924	9,047,229
Capital and other assets	-	-	39,854,767	38,599,830	39,854,767	38,599,830
Total Assets	1,377,429	1,304,192	48,053,262	46,342,867	49,430,691	47,647,059
Liabilities & Deferred Inflows:						
Current liab & deferred inflows	1,377,429	1,304,192	1,694,294	536,514	3,071,723	1,840,706
Long-term liabilities	44,280	40,522	18,516,215	19,409,602	18,560,495	19,450,124
Total Liabilities & Def Inflows	1,421,709	1,344,714	20,210,509	19,946,116	21,632,218	21,290,830
Net Position:						
Net investment in capital assets	-	-	20,082,735	19,245,019	20,082,735	19,245,019
Restricted	45,000	28,000	-	855,675	45,000	883,675
Unrestricted	(89,280)	(68,522)	7,760,018	6,296,057	7,670,738	6,227,535
Total Net Postion	(44,280)	(40,522)	27,842,753	26,396,751	27,798,473	26,356,229

The largest portion of the District's net position is reflected in the net investment in capital assets (i.e. land, buildings, sewer lines, treatment plants, vehicles and equipment). At the end of 2025, this accounted for 72% of the total net position. Accordingly, this portion of the net position is not an available source for payment of future spending. Of the remaining net position approximately 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Financial Analysis of the District (continued)

Mt. Crested Butte Water and Sanitation District's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	5,000	-	4,200,760	3,903,903	4,205,760	3,903,903
Capital grants & contributions	-	-	1,556,935	690,991	1,556,935	690,991
General revenues:						
Property taxes	1,258,176	1,239,592	-	-	1,258,176	1,239,592
Other taxes	69,561	69,323	-	-	69,561	69,323
Interest and other revenue	181,914	238,668	89,196	187,730	271,110	426,398
Total Revenues	1,514,651	1,547,583	5,846,891	4,782,624	7,361,542	6,330,207
Expenses:						
Sanitation	-	-	2,422,311	2,025,638	2,422,311	2,025,638
Water	-	-	2,179,575	2,788,656	2,179,575	2,788,656
General government	1,317,412	923,134	-	-	1,317,412	923,134
Transfers	200,997	630,490	(200,997)	(630,490)	-	-
Total Expenses	1,518,409	1,553,624	4,400,889	4,183,804	5,919,298	5,737,428
Change in Net Position	(3,758)	(6,041)	1,446,002	598,820	1,442,244	592,779
Net Position - Beginning	(40,522)	(34,481)	26,396,751	25,797,931	26,356,229	25,763,450
Net Position - Ending	(44,280)	(40,522)	27,842,753	26,396,751	27,798,473	26,356,229

Governmental activities: Net position of the governmental activities decreased $3,758 during 2025 after a decrease of $6,041 during 2024. The District is using property taxes collected for administrative costs.

Business-type activities: Net position of the business-type activities increased $1,446,002 during 2025 after an increase of $598,820 during 2024.

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of $0 due to the transfer of any fund balance to the proprietary funds. Of this balance, $45,000 is restricted for emergencies as required by TABOR, and the remaining ($51,671) is unassigned.

Proprietary funds: The District's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund operating revenues of $2,408,795 exceeded the operational expenses of $2,216,666, resulting in an operating income (loss) of $192,129. Tap fees of $232,514, a loan credit of $536,501 and transfers of $100,499 caused a greater increase in change of net position than budgeted.

As of the end of the current fiscal year, the District's business type funds reported an ending net position balance of $27,842,753 which consisted of $20,082,735 in net investment in capital assets and the remaining $7,760,018 being unrestricted for use by the District in future years.

Financial Analysis of the District (continued)

The sanitation fund operating revenues of $1,791,965 were exceeded by the operation expenses of $2,171,415, resulting in an operating income (loss) of $(379,450). Tap fees of $451,262 and capacity expansion income of $336,658 caused a greater increase in change of net position than budgeted.

As of the end of the current fiscal year, the District's sanitation fund reported and ending net position balance of $13,622,096, which consisted of $12,020,837 in net investment in capital assets and the remaining $1,601,259 being unrestricted for use by the District in future years.

Budget variances: Variances in the general fund were mostly in line with budget and netted negatively due to an increase in salaries in wages, partially offset by a positive budget variance in investment income. The water fund had mostly positive variances. These positive variances netted to $528,419. The large overall positive variance was due largely to lower capital outlays, lower salaries and benefits and higher tap fees. The sanitation fund had a positive variance of $523,963 in revenues and a negative variance of $301,562 in expenses. The large overall positive variance in revenues was due largely to higher capacity expansion income. Expenses had a negative variance mainly due to larger capital outlay expense than expected. Details of the variances by fund can be seen on pages E1 through F2 of this report.

Capital assets: The District's total capital assets increased by $1,254,936 as a result of capital outlays being higher than depreciation expense. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements.

Long-term debts: During 2025 the District continued to make scheduled payments on its long-term debts. Details of the District's long-term obligations are contained in the Notes to the Financial Statements.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mt. Crested Butte Water and Sanitation District, 100 Gothic Rd, Mt. Crested Butte, CO 81225, phone 970-349-7575.

FINANCIAL STATEMENTS

Mt. Crested Butte Water and Sanitation District
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	5,727,730	1,548,380	7,276,110
Cash and investments - restricted	-	567,079	567,079
Accounts receivable, net of allowance for uncollectibles	16,109	405,529	421,638
Taxes receivable - ensuing year	1,303,818	-	1,303,818
Prepaid expenses	6,671	608	7,279
Internal balances	(5,676,899)	5,676,899	-
Capital assets, not being depreciated	-	1,658,157	1,658,157
Capital assets, net	-	38,196,610	38,196,610
Total Assets	1,377,429	48,053,262	49,430,691
Liabilities:			
Accounts payable	-	163,324	163,324
Payroll liabilities	58,516	35,380	93,896
Deposits and escrow	15,095	108,423	123,518
Accrued interest payable	-	80,749	80,749
Accrued compensated absences	44,280	50,601	94,881
Noncurrent liabilities:			
Due within one year	-	1,306,418	1,306,418
Due in more than one year	-	18,465,614	18,465,614
Total Liabilities	117,891	20,210,509	20,328,400
Deferred Inflows of Resources:			
Deferred taxes receivable	1,303,818	-	1,303,818
Total Deferred Inflows of Resources	1,303,818	-	1,303,818
Net Position:			
Net investment in capital assets	-	20,082,735	20,082,735
Restricted for emergencies	45,000	-	45,000
Unrestricted	(89,280)	7,760,018	7,670,738
Total Net Position	(44,280)	27,842,753	27,798,473

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
General government	1,317,412	5,000	-	-	(1,312,412)		(1,312,412)
Total Governmental Activities	1,317,412	5,000	-	-	(1,312,412)		(1,312,412)
Business-type Activities:							
Water	2,422,311	2,408,795	-	769,015		755,499	755,499
Sanitation	2,179,575	1,791,965	-	787,920		400,310	400,310
Total Business-type Activities	4,601,886	4,200,760	-	1,556,935		1,155,809	1,155,809
General Revenues:							
Taxes:							
Property tax					1,258,176	-	1,258,176
Specific ownership tax					69,561	-	69,561
Investment earnings					181,914	89,196	271,110
Transfer (to) from other funds					(200,997)	200,997	-
Total General Revenues and Transfers					1,308,654	290,193	1,598,847
Change in Net Position					(3,758)	1,446,002	1,442,244
Net Position - Beginning (Deficit)					(40,522)	26,396,751	26,356,229
Net Position - Ending					(44,280)	27,842,753	27,798,473

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Balance Sheet
General Fund
December 31, 2025

Assets:	
Cash and cash equivalents	5,727,730
Property tax receivable - ensuing year	1,303,818
Accounts receivable	16,109
Prepaid expenses	6,671
Total Assets	7,054,328
Liabilities, Deferred Inflows of Resources, and Fund Balance:	
Liabilities:	
Payroll liabilities	58,516
Due to other funds	5,676,899
Developer deposits	15,095
Total Liabilities	5,750,510
Deferred Inflows of Resources:	
Unavailable property tax revenue	1,303,818
Total Deferred Inflows of Resources	1,303,818
Fund Balance:	
Nonspendable	6,671
Restricted for TABOR reserve	45,000
Unassigned	(51,671)
Total Fund Balance	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	7,054,328

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued compensated absences	(44,280)
Net Position of Governmental Activities	(44,280)

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2025

Revenues:	
Property taxes	1,258,176
Specific ownership taxes	69,561
Interest income	181,914
Other charges	5,000
Total Revenues	1,514,651
Expenditures:	
Personnel services	856,866
Fuel and automotive	3,833
Insurance	28,314
Professional fees	282,761
Supplies	27,082
Telephone and utilities	11,902
Travel and training	7,784
Other expenses	95,112
Total Expenditures	1,313,654
Excess (Deficiency) of Revenues Over Expenditures	200,997
Other Financing Sources (Uses):	
Transfer (to) from other fund	(200,997)
Total Other Financing Sources	(200,997)
Change in Fund Balance	-
Fund Balance - Beginning	-
Fund Balance - Ending	-

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Some expenses reported in the Statement of Activities, such as change in accrued compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	3,758
Change in Net Position of Governmental Activities	(3,758)

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Sanitation Fund	Total
Assets:			
Cash	1,548,380	-	1,548,380
Restricted cash	567,079	-	567,079
Accounts receivable, net of allowance for uncollectibles	209,801	195,728	405,529
Prepaid expenses	164	444	608
Due from other funds	4,227,236	1,449,663	5,676,899
Capital assets, not being depreciated	769,156	889,001	1,658,157
Capital assets, net of depreciation	25,574,552	12,622,058	38,196,610
Total Assets	32,896,368	15,156,894	48,053,262
Liabilities:			
Accounts payable	163,324	-	163,324
Payroll liabilities	17,982	17,398	35,380
Deposits	108,423	-	108,423
Accrued interest payable	80,749	-	80,749
Accrued compensated absences	23,423	27,178	50,601
Noncurrent liabilities:			
Due within one year	1,090,070	216,348	1,306,418
Due in more than one year	17,191,740	1,273,874	18,465,614
Total Liabilities	18,675,711	1,534,798	20,210,509
Net Position:			
Net investment in capital assets	8,061,898	12,020,837	20,082,735
Unrestricted	6,158,759	1,601,259	7,760,018
Total Net Position	14,220,657	13,622,096	27,842,753

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sanitation Fund	Total
Operating Revenues:			
Charges for services	2,376,335	1,790,190	4,166,525
Other services	32,460	1,775	34,235
Total Operating Revenues	2,408,795	1,791,965	4,200,760
Operating Expenses			
Salaries and benefits	665,135	648,144	1,313,279
Administrative office expenses	7,958	-	7,958
Insurance	54,745	54,245	108,990
Professional fees	106,250	233,789	340,039
Repairs and maintenance	183,048	136,165	319,213
Supplies	141,330	136,802	278,132
Telephone and utilities	153,207	157,049	310,256
Travel and training	3,854	6,641	10,495
Other expenses	26,131	34,492	60,623
Depreciation expense	875,008	764,088	1,639,096
Total Expenses	2,216,666	2,171,415	4,388,081
Operating Income (Loss)	192,129	(379,450)	(187,321)
Nonoperating Revenues (Expenses)			
Tap fees	232,514	451,262	683,776
Loan credit	536,501	-	536,501
Interest income	89,196	-	89,196
Interest expense	(205,645)	(8,160)	(213,805)
Other capital contributions	-	336,658	336,658
Total Nonoperating Revenues (Expenses)	652,566	779,760	1,432,326
Net Income (Loss) Before Transfers	844,695	400,310	1,245,005
Transfer (to) from other fund	100,499	100,498	200,997
Change in Net Position	945,194	500,808	1,446,002
Net Position - Beginning	13,275,463	13,121,288	26,396,751
Net Position - Ending	14,220,657	13,622,096	27,842,753

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sanitation Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	2,611,865	1,732,346	4,344,211
Cash paid for goods and services	(1,280,860)	(810,092)	(2,090,952)
Cash paid to employees	(671,323)	(649,255)	(1,320,578)
Net Cash Provided by Operating Activities	659,682	272,999	932,681
Cash Flows from Capital and Related Financing Activities:			
Tap fees received	232,514	451,262	683,776
Transfer (to) from other fund	100,499	100,498	200,997
Loan payments	(536,500)	(290,150)	(826,650)
Interest paid on debt	(205,645)	(8,160)	(213,805)
Acquisition of capital assets	(250,550)	(863,109)	(1,113,659)
Grants received	-	336,660	336,660
Net Cash Provided (Used) by Capital and Related Financing Activities	(659,682)	(272,999)	(932,681)
Cash Flows from Investing Activities:			
Investment earnings received	89,196	-	89,196
Net Cash Provided by Investing Activities	89,196	-	89,196
Net Increase in Cash and Cash Equivalents	89,196	-	89,196
Cash and Cash Equivalents - Beginning	2,026,263	-	2,026,263
Cash and Cash Equivalents - Ending	2,115,459	-	2,115,459
Financial Statement Captions:			
Cash	1,548,380	-	1,548,380
Restricted cash	567,079	-	567,079
Cash and Cash Equivalents - Ending	2,115,459	-	2,115,459
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	192,129	(379,450)	(187,321)
Adjustments:			
(Increase) decrease in accounts receivable	42,715	(12,647)	30,068
(Increase) decrease in other assets	65,681	65,401	131,082
(Increase) decrease in due from other funds	(475,304)	(46,972)	(522,276)
Increase (decrease) in accounts payable and accrued liabilities	(100,403)	(117,421)	(217,824)
Increase (decrease) in deposits	59,856	-	59,856
Depreciation	875,008	764,088	1,639,096
Total Adjustments	467,553	652,449	1,120,002
Net Cash Provided by Operating Activities	659,682	272,999	932,681
Non-cash Items:			
Loan credit	536,501	-	536,501
Asset acquired with debt	-	1,780,372	1,780,372
	536,501	1,780,372	2,316,873

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Mt. Crested Butte Water and Sanitation District's (the "District") financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the District is not financially accountable for any other entity nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's administration is classified as governmental activities. The District's water and sanitation operations are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with a function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's administration fund. It accounts for property taxes and a portion of the costs of administration of the District.

The District reports the following proprietary or business-type funds:

The *Water and Sanitation Funds* account for the water and sanitation operations of the District.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Proprietary funds use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts and Accounting Policies

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash on hand, demand deposits, U.S. government obligations and other highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value, net asset value, or amortized cost. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

3. Receivables

User charges constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by Statute, or certified to the Gunnison County Treasurer for collection on its tax rolls, as provided by Statute. Therefore, no provision for uncollectible accounts has been made in the financial statements.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

5. Capital Assets

Capital assets, which include land, buildings, vehicles and equipment, are reported in the financial statements. The District defines capital assets as assets with an initial cost of more than $25,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Buildings and improvements, infrastructure, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Plant and lines	15 to 40 years
Building and improvements	10 to 15 years
Equipment	5 to 15 years

6. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows (outflows) of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and increased by any unspent proceeds from related borrowings. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

7. Compensated Absences

Earned but unused vacation and compensatory time are accrued when incurred in the financial statements. The District accrued $94,881 for accumulated unpaid vacation and compensatory time at December 31, 2025.

8. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. Long-term obligations for proprietary funds are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes levied in 2025 for collection in 2026 are reported as deferred inflows of resources.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

11. Categories and Classification of Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority which is the Board of Directors.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts and Accounting Policies (continued)

11. Categories and Classification of Fund Balance (continued)

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations for the ensuing year pursuant to the Colorado Local Budget Law. The budget is adopted on a non-GAAP basis and is reconciled to GAAP in Section E of this report. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2025.

1. For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.

2. The District submitted, on or before October 15, 2024, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

3. Prior to December 15, 2024, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at varying rates per month until paid.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. For this purpose, the District has set aside $45,000 in the General Fund.

The District believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise, will require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

The District’s deposits are entirely covered by the Federal Deposit Insurance Corporation (“FDIC”) or by collateral held under Colorado’s Public Deposit Protection Act (“PDPA”). The FDIC insures depositors up to $250,000 for all accounts. Deposit balances over $250,000 are collateralized as required by PDPA.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, the District had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities: Less than one year	Maturities: 1 - 5 years
Petty cash	Not rated	100	100	-
Cash with County Treasurer	Not rated	4,464	4,464	-
Deposits:				
Checking	Not rated	753,717	753,717	-
Money market	Not rated	817,779	817,779	-
Investments:				
Certificates of deposit	Not rated	457,332	-	457,332
Federal agency	AA+	274,442	-	274,442
Investment Pools	AAAm	5,535,355	5,535,355	-
Total		7,843,189	7,111,415	731,774

Cash and cash equivalents	$ 1,576,060
Investments	6,267,129
Total cash and investments	$ 7,843,189

Investments Measured at Fair Value	Total	Fair Value Measurement Using: Level 1	Level 2	Level 3
Certificates of Deposit	457,332	-	457,332	-
Federal agency	274,442	-	274,442	-
Total	731,774	-	731,774	-

Investments Measured at Net Asset Value	Total
Colotrust	5,535,355

The District has invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is a 2a7-like pool. The trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The trust operates similarly to a money market fund and each share is equal in value to $1. Investments of the trust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the trusts. Investments in pools are not categorized since the underlying investments are not specifically identifiable to the District.

Interest Rate Risk. Colorado Revised Statutes limit the District's investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from changes in interest rates. As a result of the limited length of maturities, the District has limited its interest rate risk.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk. The District follows Colorado statutes regarding its investments.

Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

B. Capital Assets – Business-Type

Capital asset activity for 2025 was as follows:

Capital assets, not being depreciated	Balance at January 1, 2025	Additions	Deletions and Transfers	Balance at December 31, 2025
Land	147,248	-	-	147,248
Water rights	212,405	-	-	212,405
Construction in Progress	2,138,640	736,821	(1,576,957)	1,298,504
Total capital assets, not being depreciated	2,498,293	736,821	(1,576,957)	1,658,157
Capital assets being depreciated				
Building and improvements	1,600,376	3,360,795	-	4,961,171
Treatment plants	48,018,511	172,116	-	48,190,627
Collection and distribution systems	8,528,369	132,995	-	8,661,364
Equipment	1,543,153	68,262	-	1,611,415
Total capital assets being depreciated	59,690,409	3,734,168	-	63,424,577
Less accumulated depreciation for				
Building and improvements	(435,793)	(126,247)	-	(562,040)
Treatment plants	(17,533,892)	(1,231,934)	-	(18,765,826)
Collection and distribution systems	(4,569,009)	(192,138)	-	(4,761,147)
Equipment	(1,050,177)	(88,777)	-	(1,138,954)
Total accumulated depreciation	(23,588,871)	(1,639,096)	-	(25,227,967)
Total capital assets being depreciated, net	36,101,538	2,095,072	-	38,196,610
Capital assets, net	38,599,831	2,831,893	(1,576,957)	39,854,767

III. Detailed Notes on All Funds (continued)

C. Long-Term Obligations

1. Colorado Water Resources and Power Development Authority ("CWRPDA") Loan

In May 2020, the District entered into a 20-year loan agreement with Colorado Water Resource and Power Development Authority (CWRPDA) for debt not to exceed $22,474,478 ($23,175,000 as the total funds available to be drawn and $700,522 total contingency). The net effective interest rate of the loan is 1.29%. The proceeds of this debt were used for a Water Treatment Plant Expansion Project to be completed in May 2022. Although the proceeds of the CWRPDA loan are being used for improvements to the District's water treatment functions, the Loan Agreement provides that repayment of the Loan is an obligation of both the Water and Wastewater Enterprise Funds of the District, payable from all legally available sources of those District Enterprises and is therefore reported as a noncurrent obligation of business-type activities. Loan payments are due semi-annually on February 1 and August 1. Semi-annual principal payments for this loan commenced August 1, 2021 in the amount of $112,833 and the final payment will be due August 1, 2040. Debt service payments are made by the Enterprise Funds. The loan requires a three-month operations and maintenance reserve based on budgeted enterprise operating expenses or $567,079. The District has restricted cash in the Water Fund for this purpose.

Rate Covenant

The 2020 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due. During 2021, the District established a Rate Stabilization reserve account of $280,000. The District believes it is compliance with its rate covenants.

Charges for services	2,376,335
Tap fees	232,514
Operating transfers (property taxes)	100,499
Investment earnings	89,196
Other revenue	32,460
Gross revenue	2,831,004
Operating expenses	(2,216,666)
Add back: depreciation	875,008
Net operating expenses	(1,341,658)
Net revenue	1,489,346
Debt service:	
2020 CWRPDA Loan	1,073,001
Required 110% Coverage	1,180,301
Excess (Under) Coverage	309,045
Beginning Rate Stabilization	305,585
Ending Rate Stabilization	614,630

III. Detailed Notes on All Funds (continued)

C. Long-Term Obligations (continued)

1. Colorado Water Resources and Power Development Authority ("CWRPDA") Loan (continued)

Contingency Funds

During 2023, the District accessed the additional contingency amounts originally approved in the May 2020 loan agreement in the amount of $49,209. During 2024, the District recognized the draw of the contingency funds as grant revenue (loan forgiveness). The additional contingency funds were applied against loan principal and interest in 2025 by CWRPDA and are recognized as loan credit revenue in 2025.

2. Town of Crested Butte Loan Agreement

The District entered into a loan agreement with the Town of Crested Butte on January 14, 2026 for the purpose of financing a portion of the cost of the solids processing facility. The loan totaled $1,780,371 and has a term of six years and an annual interest rate of 5.5%. The first payment was made in December 2025. The remaining principal balance at December 31, 2025 was $1,490,222.

Annual debt service requirements for the loans are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	1,306,418	362,054	1,668,472
2027	1,334,655	332,905	1,667,560
2028	1,364,754	304,351	1,669,105
2029	1,393,065	276,107	1,669,172
2030	1,423,658	248,385	1,672,043
2031-2035	6,359,041	793,514	7,152,555
2036-2040	6,590,441	262,090	6,852,531
	19,772,032	2,579,406	22,351,438

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	40,522	3,758	-	44,280	-
Business-type Activities:					
CWRPDA Loan 2020	19,354,811	-	1,073,001	18,281,810	1,090,070
Town of Crested Butte	-	1,780,372	290,150	1,490,222	216,348
Compensated Absences	54,791	-	4,190	50,601	-
	19,450,124	1,784,130	1,367,341	19,866,913	1,306,418

At December 31, 2025, the District had no authorized but unissued debt.

IV. Other Information

A. Pension Plan

The District is a member of the Colorado Retirement Association ("CRA"), which offers a defined contribution plan. Required contributions are established by the governing board of the Association.

Under a defined contribution plan the benefits a participant will receive depend solely on the amount contributed to the participant's account plus the investment returns of those contributions.

Participation is mandatory for all employees at the time of employment. The participation starts at day 1. Eligible employees contribute five percent (5%) of their base pay, which is matched by the District. The plan has a five year vesting period and is distributed upon the employee's termination or retirement. For 2021, the District amended the plan to allow for an additional employer matching contribution of up to a 3% match of employee contributions to a separate I.R.C. Section 457 plan also managed by CRA (maximum 8% employer contributions).

During the fiscal year 2025, the District's required contributions were $112,064, representing 5% of covered payroll plus up to 3% match of additional employee 401(a) contributions above 5%. Covered payroll was $1,421,545.

B. Risk Management

The District carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The District carries liability, property and bond coverage through commercial insurance carriers. Risk of loss is transferred to these carriers.

The District has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the District has not recorded any liability for unpaid claims at December 31, 2025.

C. Internal Transfers

The District reports administrative activities in the General Fund, funded through a general operating mill levy with supplemental transfers from the Water and Sanitation Funds to cover operating expenses, or to those funds if taxes exceed administrative expenses. The operating mill levy is allocated equally against Water and Sanitation Fund administrative costs with the District tracking administrative costs separately for both activities. For the fiscal year 2025, the District transferred excess taxes of $200,997 from the General Fund split equally between the Water and Sanitation Funds.

IV. Other Information (continued)

D. Deficit Fund Balance

As of December 31, 2025, the District had a deficit unassigned fund balance of $(51,671) in the General Fund due to the requirement to the restricted equity related to the emergency reserve requirements of TABOR as described in Note 6 and the prepayment of 2026 insurance premiums. As the District intends to balance administrative costs reported in the General Fund through transfers to and from the Water and Sanitation Funds, this deficit is anticipated to continue. Should the District be required to utilize the emergency reserve required by TABOR, additional transfers can be made from the other operating funds.

The District has a deficit net position of $(44,280) in the Governmental Activities specifically related to the inclusion of accrued compensated absences related to administrative employees. The deficit related to the accrued compensated absences is expected to continue with minor adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

Mt. Crested Butte Water and Sanitation District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Property taxes	1,328,093	1,258,176	(69,917)
Specific ownership taxes	-	69,561	69,561
Investment income	120,000	181,914	61,914
Other charges	-	5,000	5,000
Total Revenues	1,448,093	1,514,651	66,558
Expenditures:			
Personnel services	905,078	856,866	48,212
Fuel and automotive	2,500	3,833	(1,333)
Insurance	27,584	28,314	(730)
Professional fees	302,000	282,761	19,239
Supplies	38,416	27,082	11,334
Telephone and utilities	11,000	11,902	(902)
Travel and training	13,000	7,784	5,216
Other expenses	105,743	95,112	10,631
Total Expenditures	1,405,321	1,313,654	91,667
Revenues in Excess (Deficiency) of Expenditures	42,772	200,997	(25,109)
Other Financing (Uses):			
Transfer (to) from other fund	-	(200,997)	(200,997)
Total Other Financing (Uses)	-	(200,997)	(200,997)
Net Change in Fund Balance	42,772	-	(42,772)
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	42,772	-	(42,772)

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

Mt. Crested Butte Water and Sanitation District
Schedule of Revenues, Expenses, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Water Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Charges for sewer services	2,401,943	2,376,335	(25,608)
Other services	25,835	32,460	6,625
Tap fees	180,000	232,514	52,514
Interest income	72,000	89,196	17,196
Total Revenues	2,679,778	2,730,505	50,727
Expenditures			
Salaries and benefits	755,167	665,135	90,032
Administrative office expenses	6,750	7,958	(1,208)
Insurance	60,000	54,745	5,255
Professional fees	140,000	106,250	33,750
Repairs and maintenance	226,100	183,048	43,052
Supplies	169,500	141,330	28,170
Telephone and utilities	150,000	153,207	(3,207)
Travel and training	5,750	3,854	1,896
Other expenses	35,000	26,131	8,869
Other capital outlay	433,265	245,684	187,581
Debt service:			
Principal	514,405	536,501	(22,096)
Interest	205,645	205,645	-
Total Expenditures	2,701,582	2,329,488	372,094
Excess (Deficiency) of Revenues Over Expenditures	(21,804)	401,017	422,821
Other Financing Sources (Uses):			
Transfer (to) from other fund	-	100,499	100,499
Total Other Financing Sources	-	100,499	100,499
Change in Net Position - Budgetary Basis	(21,804)	501,516	523,320
Reconciliation of Budget to GAAP Basis:			
Loan credit		536,501	
Loan principal paid		536,501	
Capital outlay		245,684	
Depreciation		(875,008)	
Change in Net Position		945,194	
Net Position - Beginning		13,275,463	
Net Position - Ending		14,220,657	

The accompanying notes are an integral part of these financial statements.

Mt. Crested Butte Water and Sanitation District
Schedule of Revenues, Expenses, and Changes in Funds Available
Budget and Actual (Budgetary Basis) - Sanitation Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:			
Charges for sewer services	1,782,835	1,790,190	7,355
Other services	-	1,775	1,775
Tap fees	270,000	451,262	181,262
Other capital contributions	-	336,658	336,658
Total Revenues	2,052,835	2,579,885	527,050
Expenditures			
Salaries and benefits	838,571	648,144	190,427
Insurance	55,000	54,245	755
Professional fees	290,000	233,789	56,211
Repairs and maintenance	235,000	136,165	98,835
Supplies	185,000	136,802	48,198
Telephone and utilities	157,000	157,049	(49)
Travel and training	10,500	6,641	3,859
Other expenses	47,500	34,492	13,008
Capital outlay	448,612	863,108	(414,496)
Debt service:			
Principal	-	290,150	(290,150)
Interest expense	-	8,160	(8,160)
Total Expenditures	2,267,183	2,568,745	(301,562)
Excess (Deficiency) of Revenues Over Expenditures	(214,348)	11,140	225,488
Other Financing Sources (Uses):			
Transfer (to) from other fund		100,498	100,498
Total Other Financing Sources	-	100,498	100,498
Change in Net Position - Budgetary Basis	(214,348)	111,638	325,986
Reconciliation of Budget to GAAP Basis:			
Loan principal paid		290,150	
Capital outlay		863,108	
Depreciation		(764,088)	
Change in Net Position		500,808	
Net Position - Beginning		13,121,288	
Net Position - Ending		13,622,096	

The accompanying notes are an integral part of these financial statements.